

CALIFORNIA TAX AMNESTY

MEDIA HOST GUIDE

**CALIFORNIA
COUNTS
ON YOU!**



**TAX AMNESTY
ENDS MARCH 31**

California Franchise Tax Board
Public Affairs Office
Phone (916) 845-4800
Fax (916) 845-3800

By their very nature, taxes can be complex and confusing to your broadcast audience. We are trying to take the confusion out of the amnesty program by providing public education information via the Internet and by asking you to help us get this message to the people who need it in your community.

As part of our ongoing public education program, we assembled this guide to assist you in planning your program. Feel free to use it in its entirety or modify it to fit your needs.

Frequently Asked Questions

We provide these questions to assist you in planning your interview. Feel free to use them entirely, or choose some of your own. These questions are among the most frequently asked by the public.

Q. What Is Tax Amnesty?

It's a limited time chance for taxpayers to pay past income, franchise, sales, or use taxes, and the related interest, penalty-free! It runs from February 1 through March 31.

Q. Why Should I Participate?

Two reasons:

- Amnesty forgives most unpaid penalties and fees related to past-due taxes, and
 - Waives criminal prosecution for qualified applicants.
- After amnesty, taxpayers who were eligible to participate, but did not, will be severely penalized.

Q. Who Is Eligible?

Amnesty applies for tax years 2002 and prior, for individuals and businesses that:

- Did not file required California tax returns.
- Failed to report all income.
- Claimed excessive deductions.
- Did not pay past taxes on time.

Excluded from participating are taxpayers currently under criminal investigation for tax-related matters; or taxpayers with abusive tax shelter transactions that were eligible for relief in either last year's Voluntary Compliance Initiative or the 2003 IRS Offshore Voluntary Compliance Initiative. These taxpayers are eligible for amnesty for non-abusive tax shelter items.

Q. Where Do I Get Forms?

Visit our Website at www.taxes.ca.gov and download the application and any needed tax forms. You may also call us at (800) 852-5711, or visit one of our field offices for forms.

Q. How and When Do I Apply?

- Complete an application signed under penalty of perjury and return it by March 31.
- If you have not filed, file all past-due returns and disclose all income. The returns are due by May 31.
- If you filed inaccurate returns, amend any incorrect returns to disclose previously unreported income and/or overstated deductions by May 31.
- Pay the taxes and interest owed that is currently on our books or set up an installment payment agreement that will be fully paid by June 30, 2006.
- Mail the application, returns, and payment to:

Amnesty
PO BOX 942867
Sacramento CA 94267-1111

Q. What If I Don't File for Amnesty?

New legislation increases enforcement actions: First, post-amnesty law increases the accuracy-related penalty from 20 to 40 percent on new tax assessments for years 2002 and prior. The accuracy-related penalty is assessed for negligence or disregard of rules or regulations, any substantial understatement of income tax (generally 10 percent or more), and other reasons.

Also, an amnesty penalty of 50 percent of the existing unpaid interest amount will be imposed on:

- tax amounts owed for tax years for which you could have applied for amnesty, or
- on tax assessments for amnesty years that become final after the amnesty ending date.

Q. Can I File an Extension for Amnesty?

No. Amnesty applications must be postmarked by March 31, 2005. Since March 31 is a state holiday, we will accept applications postmarked April 1.

Q. Will My Amnesty Return(s) Be Audited?

They could be. Tax returns received under Amnesty are subject to normal audit referral and selection guidelines.

Q. Will My Tax Return Information Be Disclosed to the IRS or Other Agencies?

All information received by us is available to the IRS and other government agencies with whom we have an information exchange agreement.

Q. Can I File for Amnesty on a Tax Year That Is in Appeal or Protest?

Yes. You are eligible for Amnesty provided you file an application and pay the tax and interest.

Q. Why Are Tax Cheaters Getting a Break and the Honest Taxpayers Not?

That's a valid question. Amnesty programs do increase voluntary compliance and accelerate the collection of currently-owed taxes. Tax amnesty is an innovative and responsible way to increase state revenue and preserve vital state programs without proposing new tax burdens on businesses and working families. Tax amnesty will return unknown tax evaders to the tax rolls thereby diminishing the burden placed on law-abiding taxpayers.

Q. How Much Do You Expect This Program to Raise?

We anticipate that Amnesty will gross \$550 million this year.

Q. How Much Money Did the First Amnesty Raise?

The 1984-85 Amnesty raised \$154 million.

Q. How Does Amnesty Affect the Outstanding Balance Due on My Account?

It will reduce the balance by the amount of unpaid penalties and fees remaining on your account.

Q. I Am Currently on a Payment Arrangement. Must I Reapply to Qualify Under Amnesty?

Yes, especially if your balance will change under Amnesty.

Q. What Happens if I Am Currently on a Payment Arrangement but I Do Not Apply for Amnesty?

You have a safe harbor. If you choose not to apply for Amnesty and have an existing installment agreement, amounts covered under that agreement would not be subject to the Amnesty penalty.

Q. I Am Currently in Bankruptcy. Am I Eligible for Amnesty?

Yes. However, if you are in an active bankruptcy, you will need the approval of the Court/Trustee to participate in the Amnesty program.

Q. I Paid All/or Part of My Penalties Prior to January 1, 2005. Will They Be Waived and Will I Receive a Refund?

No refund or credit can be given for any penalties paid before January 1, 2005.

Q. Any Other Requirements?

To maintain Amnesty, you must remain in compliance by filing and paying your taxes in 2005 and 2006. If you do not meet this requirement, we must revoke Amnesty, reinstate canceled penalties and fees, and assess new Amnesty-related penalties.



Quick Reference:

Franchise Tax Board Field Offices:

Los Angeles 300 S. Spring St.
Oakland 1515 Clay St.
Sacramento 3321 Power Inn Rd.
San Diego 7575 Metropolitan Dr.
San Francisco 121 Spear St.
Santa Ana 600 W. Santa Ana Blvd.

Field office hours are Monday-Friday, 8 a.m. to 5 p.m.

Website

www.taxes.ca.gov

Get general information and breaking news regarding Amnesty.
Get forms.
Check your account status for payments made or a balance due.
Choose a payment option.
Apply for an installment payment plan.

Tax Assistance Phone Numbers:

Automated Toll-Free Service
(800) 338-0505
Available 24 hours, seven days a week.

General Toll-Free Service
(800) 852-5711
Available Monday-Friday, 7 a.m. to 7 p.m.

Federal Tax Questions
(800) 829-1040